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Southern District of New York*



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**HASSAN NEMAZEE SENTENCED IN MANHATTAN FEDERAL COURT  
TO 12 YEARS IN PRISON FOR ORCHESTRATING  
\$292 MILLION FRAUD SCHEME**

PREET BHARARA, the United States Attorney for the Southern District of New York, and GEORGE VENIZELOS, the Acting Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation ("FBI"), announced today that former political fundraiser HASSAN NEMAZEE was sentenced in Manhattan federal court to 144 months in prison for defrauding Bank of America, N.A. ("BoFA"), Citibank, N.A. ("Citibank"), and HSBC Bank USA, N.A. ("HSBC"), out of \$292 million in loan proceeds. In addition to the prison term, United States District Judge SIDNEY H. STEIN, who imposed the sentence, ordered NEMAZEE to pay restitution of more than \$292 million to the defrauded banks and to serve 3 years of supervised release.

According to the superseding Information to which NEMAZEE pled guilty, documents filed in court, and statements made during the guilty plea and sentencing proceedings:

From 1998 to 2009, NEMAZEE obtained hundreds of millions of dollars in loans from BoFA, Citibank, and HSBC. To obtain the loans, NEMAZEE misrepresented to the banks that he owned hundreds of millions of dollars in collateral, in the form of securities and other assets, which he did not own. In fact, NEMAZEE used fake documents, including bogus account statements, to show his supposed ownership of the collateral. The documents also contained forged signatures of persons associated with Westminster Securities Corporation ("Westminster"), the brokerage firm at which NEMAZEE claimed to hold these assets, as well as Westminster's clearing firm, Pershing LLC ("Pershing").

The fake account statements and other documents that NEMAZEE provided also contained telephone numbers, supposedly for Westminster and Pershing, which were in fact assigned to "virtual offices" that NEMAZEE himself had established or to a cellphone that NEMAZEE himself had obtained. NEMAZEE created at least two

"virtual offices" in Manhattan that held themselves out, at his direction, as being associated with Westminster and Pershing.

One of the loans from BofA, a \$100 million line of credit, was guaranteed by NEMAZEE's longtime friend and business associate, who pledged a multimillion-dollar home in Colorado as collateral on the loan, not knowing that the collateral that NEMAZEE was pledging did not exist. As of August 2009, NEMAZEE owed approximately \$142 million to BofA and \$74.9 million to Citibank.

In August 2009 -- when Citibank began to ask questions in order to verify the existence of the purported collateral that NEMAZEE had pledged for the Citibank loan, and after Special Agents of the FBI had interviewed NEMAZEE about the Citibank loan -- NEMAZEE drew down on a line of credit that he had fraudulently obtained from HSBC earlier in 2009 and used those funds to pay Citibank the \$74.9 million that he owed.

NEMAZEE was able to continue the fraud for longer than a decade by, among other things, making partial repayments on his borrowings from BofA with proceeds of his fraud on Citibank and making partial repayments on his borrowings from Citibank with proceeds of his fraud on BofA.

NEMAZEE used the proceeds of his fraudulent schemes to, among other things: purchase an apartment and land in Italy; make monthly maintenance payments on a Park Avenue apartment; pay for the upkeep of a 12-acre property in Katonah, New York; purchase partial interests in a private plane and a luxury yacht; make personal donations to the election campaigns of federal, state, and local candidates, political action committees, and charities; and make various other investments.

NEMAZEE also used his political donations to enhance his reputation and standing in political circles. In 2009, NEMAZEE unsuccessfully attempted to capitalize on that standing by seeking nomination to a Cabinet-level position, all the while engaged in the fraud for which he was sentenced. NEMAZEE had previously been nominated as United States Ambassador to Argentina in 1999, but his nomination was withdrawn.

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As part of the sentence, Judge STEIN also ordered NEMAZEE to forfeit various real properties, corporate entities, hedge funds, securities accounts, and bank accounts, including his interests in: an apartment in Rome, Italy; property in

Puglia, Italy; the luxury yacht and private plane; various Manhattan apartments, including the one located on Park Avenue; the Katonah, New York estate; and various privately- and publicly-held companies.

In sentencing NEMAZEE, Judge STEIN described his fraud as "breathhtaking in its brazenness and its scope."

NEMAZEE, 60, of Manhattan, was ordered to surrender on August 27, 2010.

NEMAZEE's brother-in-law, SHAHIN KASHANCHI, 47, of Telluride, Colorado, is separately charged in an Indictment with aiding and abetting NEMAZEE's bank fraud by manufacturing the fake account statements and other documents that NEMAZEE used to defraud BofA, Citibank, and HSBC. KASHANCHI's case is pending in Manhattan federal court. The charge and allegations contained in the Indictment charging KASHANCHI are merely accusations, and KASHANCHI is presumed innocent unless and until proven guilty.

Mr. BHARARA praised the investigative work of the FBI. Mr. BHARARA also thanked BofA, Citibank, HSBC, and Pershing for their assistance in the investigation.

U.S. Attorney PREET BHARARA stated: "For over a decade, HASSAN NEMAZEE authored a fantastic fiction, stealing \$292 million by acting the part of wealthy and influential power broker. In the end, Justice is blind to political affiliations and powerful connections, and today, like any other defendant, NEMAZEE faces the stark consequences of his decision to violate the law."

GEORGE VENIZELOS, the Acting Assistant Director-in-Charge of the New York Office of the FBI, stated: "NEMAZEE lived like a prince, with palatial properties on two continents. But he financed this lavish lifestyle with hundreds of millions in fraudulently obtained loans, so his empire was really a house of cards. The FBI remains determined to stop those who steal from banks through deceit and trickery."

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This case was brought in coordination with President BARACK OBAMA's Financial Fraud Enforcement Task Force, on which Mr. BHARARA serves as a Co-Chair of the Securities and Commodities Fraud Working Group. President OBAMA established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated, and proactive effort to investigate and

prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.

The case is being handled by the Office's Complex Frauds and Asset Forfeiture Units. Assistant United States Attorneys DANIEL W. LEVY and MICHAEL D. LOCKARD are in charge of the prosecution.

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